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असाधारण
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भाग II—खण्ड 2
PART II—Section 2

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No. 57] NEW DELHI, TUESDAY, DECEMBER 21, 1993/AGRAHAYANA 30, 1915

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके ।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bills were introduced in Lok Sabha on 21st, December, 1993:—

BILL No. 120 OF 1993

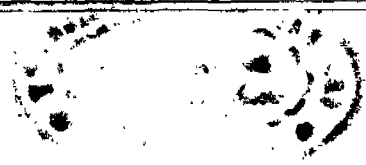
A Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1993-94.

BE it enacted by Parliament in the Forty-fourth Year of the Republic of India as follows:—

1. This Act may be called the Appropriation (No. 5) Act, 1993. Short title.

2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified, in column 3 of the Schedule amounting in the aggregate to the sum of seven thousand nine hundred and fifty-five crores and eighty-seven lakh rupees towards defraying the several charges which will come in course of payment during the financial year 1993-94, in respect of the services specified in column 2 of the Schedule. Issue of Rs. 7955, 87,00,000 out of the Consolidated Fund of India for the year 1993-94.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.



THE SCHEDULE

(*See* sections 2 and 3)

1	2		3		
No. of Vote	Services and purposes		Sums not exceeding		
			Voted by Parliament	Charged on the Consolidated Fund	Total
			Rs.	Rs.	Rs.
6	Department of Fertilizers	Revenue	630,00,00,000	..	630,00,00,000
		Capital	8,00,00,000	..	8,00,00,000
9	Ministry of Civil Supplies, Consumer Affairs and Public Distribution	Revenue	..	*16,00,000*	16,00,000
		Capital	2,50,00,000	..	2,50,00,000
11	Department of Commerce	Capital	200,01,00,000		200,01,00,000
12	Department of Supply	Revenue		*24,00,000*	24,00,000
15	Telecommunication Services	Capital	1,00,000	..	1,00,000
23	Ministry of Environment and Forests	Revenue	19,00,00,000	..	19,00,00,000
24	Ministry of External Affairs	Revenue	39,56,00,000	..	39,56,00,000
		Capital	29,98,00,000	..	29,98,00,000
25	Department of Economic Affairs	Capital	1,00,000	..	1,00,000
27	Payment to Financial Institutions	Revenue	50,49,00,000	..	50,49,00,000
		Capital	645,67,00,000	..	645,67,00,000
29	Transfers to State Governments	Revenue	1449,36,00,000	..	1449,36,00,0000
		Capital	..	*2510,74,00,000*	2510,74,00,000
32	Department of Expenditure	Revenue	35,00,000	..	35,00,000
38	Ministry of Food	Revenue	650,20,00,000	..	650,20,00,000
		Capital	2,80,00,000	..	2,80,00,000
39	Ministry of Food Processing Industries	Revenue	60,00,000	..	60,00,000
40	Department of Health	Revenue	1,00,000	..	1,00,000
44	Police	Revenue	127,10,00,000	..	127,10,00,000

1	2		3		
			Sums not exceeding		
No. of Vote	Services and purposes		Voted by Parliament	Charged on the Consolidated Fund	Total
			Rs.	Rs.	Rs.
45	Other Expenditure of the Ministry of Home Affairs . . .	Revenue	1,00,00 0	..	1,00,000
		Capital	1,00,00 0	..	1,00,000
46	Transfers to Union territory Governments	Capital	105,00,00,000	..	105,00,00,000
48	Department of Youth Affairs and Sports .	Revenue	13,00,00,000	..	13,00,00,000
		Capital	..	7,00,000	7,00,000
51	Department of Industrial Development .	Revenue	507,46,00,000	..	507,46,00,000
52	Department of Heavy Industry . . .	Revenue	2,00,000	..	2,00,000
		Capital	1,00,000	..	1,00,000
54	Department of Small Scale Industries and Agro and Rural Industries . . .	Revenue	2,01,00, 000	..	201,00,000
58	Law and Justice .	Revenue	1,00,000	..	1,00,000
69	Department of Rural Development . .	Revenue	600,01,00,000	..	600,01,00,000
75	Surface Transport .	Capital	6,55,00,000	..	6,55,00,000
77	Ports, Lighthouses and Shipping . . .	Capital	301,00,000	..	3,01,00,000
79	Urban Development, and Housing . .	Revenue	18,66,00,000	..	18,66,00,000
		Capital	1,00,00 0	..	1,00,000
80	Public Works . .	Capital	8,96,00,000	..	8,96,00,000
82	Ministry of Water Resources . .	Revenue	3,98,00,000	..	3,98,00,000
83	Ministry of Welfare .	Revenue	30,00,000	..	30,00,000
85	Nuclear Power Schemes	Capital	250,00,00,000	..	250,00,00,000
86	Department of Electronics . . .	Revenue	30,56,00,000	..	30,56,00,000
		Capital	39,44,00,000	..	39,44,00,000
	TOTAL . . .		5444,66,00,000	2511,21,00,000	7955,87,00,000

STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of article 114(1) of the Constitution of India, read with article 115 thereof, to provide for the appropriation out of the Consolidated Fund of India of the moneys required to meet the Supplementary expenditure charged on the Consolidated Fund of India and the grants made by the Lok Sabha for expenditure of the Central Government, excluding Railways, for the financial year 1993-94.

M. V. CHANDRASHEKARA MURTHY.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 4(79)-B(SD)/93, dated the 14th December, 1993 from Shri M. V. Chandrashekara Murthy, Minister of State in the Ministry of Finance to the Secretary-General, Lok Sabha.]

The President having been informed of the subject matter of the proposed Bill to authorise appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year ending on the 31st day of Mnarch, 1994, recommends the introduction of the Appropriation (No. 5) Bill, 1993 in Lok Sabha and also recommends to Lok Sabha the consideration of the Bill under article 117(1) and (3) of the Constitution read with article 115(2) thereof.

BILL NO. 119 OF 1993

A *Bill further to amend the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.*

BE it enacted by Parliament in the Forty-fourth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Banking Companies (Acquisition and Transfer of Undertakings) Amendment Act, 1993.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint; and different dates may be appointed for different provisions of this Act.

CHAPTER II

AMENDMENTS TO THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1970

Amendment of section 2.

2. In section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (hereafter in this Chapter referred to as the Bank Nationalisation Act), 5 of 1970,—

(*i*) after clause (f), the following clause shall be inserted, namely:—

'(*fa*) "prescribed" means prescribed by regulations made under this Act;';

(*ii*) after clause (*h*), the following clause shall be inserted, namely:—

"(*i*) words and expressions used herein and not defined either in this Act or in the Banking Regulation Act, 1949 but defined in the Companies Act, 1956 shall have the meanings respectively assigned to them in the Companies Act, 1956.". 10 of 1949. 1 of 1956.

Substitution of new hading for heading of Chapter II.

3. In Chapter II of the Bank Nationalisation Act, for the heading "Transfer of the Undertakings of Existing Banks", the following heading shall be substituted, namely:—

TRANSFER OF THE UNDERTAKINGS OF EXISTING BANKS AND SHARE CAPITALS OF THE CORRESPONDING NEW BANKS

Amendment of section 3.

4. In section 3 of the Bank Nationalisation Act, for sub-sections (*2A*) and (*3*), the following sub-sections shall be substituted, namely:—

(2A) Subject to the provisions of this Act, the authorised capital of every corresponding new bank shall be one thousand five hundred crores of rupees divided into one hundred fifty crores fully paid-up shares of ten rupees each:

provided that the Central Government may, after consultation with the Reserve Bank and by notification in the Official Gazette, increase or reduce the authorised capital as it thinks fit, so, however that after such increase or reduction the authorised capital shall not exceed three thousand crores, or be less than one thousand five hundred crores, of rupees.

(2B) **Notwithstanding anything contained in sub-section** (*2*), **the paid-up capital of every corresponding new bank constituted under sub-section** (*1*) **may from time to time be increased by—**

(*a*) **such amounts as the Board of Directors of the corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government transfer from the reserve fund established by such bank to such paid-up capital;**

(*b*) **such amounts as the Central Government may, after consultation with the Reserve Bank, contribute to such paid-up capital;**

(*c*) **such amounts as the Board of Directors of the corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, raise by public issue of shares in such manner as may be prescribed, so however, that the Central Government shall at all times, hold not less than fifty-one per cent. of the paid up capital of each corresponding new bank.**

(*2C*) The entire paid-up capital of a corresponding new bank, except the paid up capital raised by public issue under clause (*c*) of sub-section (*2B*), shall stand vested in, and allotted to, the Central Government.

(*2D*) The shares of every corresponding new bank not held by the Central Government shall be freely transferable.

(*2E*) No shareholder of the corresponding new bank, other than the Central Government, shall be entitled to exercise voting rights in respect of any shares held by him in excess of one per cent. of the total voting rights of all the shareholders of the corresponding new bank.

(*2F*) Every corresponding new bank shall keep at its head office a register, in one or more books of the shareholders (in this Act referred to as the register) and shall enter therein the following particulars:—

(*i*) the names, addresses and occupations, if any, of the shareholders and a statement of the shares held by each shareholder, distinguishing each share by its denoting number;

(*ii*) the date on which each person is so entered as a shareholder;

(*iii*) the date on which any person ceases to be a shareholder; and

(*iv*) such other particulars as may be prescribed.

(*2G*) Notwithstanding anything contained in sub-section (*2F*) it shall be lawful for every corresponding new bank to keep the register in computer floopies or diskettes subject to such safeguards as may be prescribed.

(*3*) Notwithstanding anything contained in the Indian Evidence Act, 1872, a copy of, or extract from, the register, certified to be a true copy under the hand of an officer of the corresponding new bank authorised in this behalf by it, shall, in all legal proceedings, be admissible in evidence."

1 of 1872.

5. After section 3 of the Bank Nationalisation Act, the following section shall be inserted, namely:— Insertion of new section 3A.

"3A. Notwithstanding anything contained in sub-section (*2F*) of section 3, no notice of any trust, express, implied or constructive, shall be entered on the register, or be receivable by the corresponding new bank.". Trust not to be entered on the register.

Amendments of section 9.

6. In section 9 of the Bank Nationalisation Act,—

(*i*) in sub-section (*2*), in clause (*a*), the words, "so however that the paid-up capital of any such bank shall not be in excess of rupees one thousand five hundred crores" shall be omitted;

(*ii*) for sub-section (*3*), the following sub-sections shall be substituted, namely:—

"(3) Every Board of Directors of a corresponding new bank, constituted under any scheme made under sub-section (*1*), shall include—

(*a*) not more than two wholetime directors to be appointed by the Central Government after consultation with the Reserve Bank;

(*b*) one director who is an official of the Central Government, to be nominated by the Central Government;

(*c*) one director who is an officer of the Reserve Bank to be nominated by the Central Government on the recommendation of the Reserve Bank;

Explanation.—For the purpose of this clause, "an officer of the Reserve Bank" includes an officer of the Reserve Bank who is deputed by that Bank under section 54AA of the Reserve Bank of India Act, 1934 to any institution referred to therein; 2 of 1934.

(*d*) one director from among such of the employees of the corresponding new bank who are workmen under clause (s) of section 2 of the Industrial Disputes Act, 1947, to be nominated by the Central Government in such manner as may be specified in a scheme made under this section; 14 of 1947.

(*e*) one director, from among the employees of the corresponding new bank, who are not workmen under clause (s) of section 2 of the Industrial Disputes Act, 1947, to be nominated by the Central Government after consultation with the Reserve Bank; 14 of 1947.

(*f*) one director who is a Chartered Accountant, to be nominated by the Central Government after consultation with the Reserve Bank;

(*g*) subject to the provisions of clause (h), not more than six directors, to be nominated by the Central Government;

(*h*) where the capital issued under clause (c) of sub-section (*2B*) of section 3 is,—

(*i*) not more than twenty per cent. of the total paid-up capital, not more than two directors,

(*ii*) more than twenty per cent. but not more than forty per cent. of the total paid-up capital, not more than four directors,

(*iii*) more than forty per cent. of the total paid-up capital, not more than six directors;

to be elected by the shareholdrers, other than the Central Government, from amongst themselves:

Provided that on the assumption of charge after election of any such directors under this clause, equal number of directors nominated under clause (*g*) shall retire in such manner as may be specified in the scheme.

(*3A*) The directors to be nominated under clause (*g*) or to be elected under clause (*h*) of sub-section (*3*) shall

(*A*) have special knowledge or practical experience in respect of one or more of the following matters, namely:—

(*i*) agricultural and rural economy,

(*ii*) banking,

(*iii*) co-operation,

(*iv*) economics,

(*v*) finance,

(*vi*) law,

(*vii*) small scale industry,

(*viii*) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the corresponding new bank;

(*B*) represent the interests of depositors; or

(*C*) represent the interests of farmers, workers and artisans.

(*3B*) Where the Reserve Bank is of the opinion that any director of a corresponding new bank elected under clause (*h*) of sub-section (*3*) does not fulfil the requirements of sub-section (*3A*), it may, after giving to such director and the bank a reasonable opportunity of being heard, by order remove such director and appoint a suitable person as a member of the Board of Directors in place of the person so removed whereupon the person so appointed shall be deemed to have been duly elected by the shareholders of the corresponding new bank as a director."

Amendment of section 10.

7. In section 10 of the Bank Nationalisation Act—

(*i*) in sub-section (*7*), for the words "shall transfer the balance of profits to the Central Government", the words, "may out of its net profits, declare a dividend and retain the surplus, if any," shall be substituted;

(*ii*) In sub-section (*7A*), after the words "the Central Government", the words "and to the Reserve Bank", shall be inserted.

Insertion of new section 10A.

8. After section 10 of the Bank Nationalisation Act, the following section shall be inserted, namely:—

Annual General Meeting.

"10A. (1) A general meeting (in this Act referred to as an annual general meeting) of every corresponding new bank which has issued capital under clause (*c*) of sub-section (*2B*) of section 3 shall be held at the place of the head office of the bank in each year at such time as shall from time to time be specified by the Board of Directors:

Provided that such annual general meeting shall be held before the expiry of six weeks from the date on which the balance-sheet, together with the profit and loss account and auditor's report is, under sub-section (*7A*) of section 10 forwarded to the Central Government or to the Reserve Bank, whichever date is earlier.

(*2*) The shareholders present at an annual general meeting shall be entitled to discuss the balance-sheet and the profit and loss account of the corresponding new bank made up to the previous 31st day of March, the report of the Board of Directors on the working and activities of the corresponding new bank for the period covered by the accounts and the auditor's report on the balance-sheet and accounts.".

Amendment of section 19.

9. In section 19 of the Bank Nationalisation Act, in sub-section (2), after clause (b), the following clauses shall be inserted, namely:—

"(*ba*) the nature of shares of the corresponding new bank, the manner in which and the conditions subject to which shares may be held and transferred and generally all matters relating to the rights and duties of shareholders;

(*bb*) the maintenance of register, and the particulars to be entered in the register in addition to those specified in sub-section (*2F*) of section 3, the safeguards to be observed in the maintenance of register on computer floppies or diskettes, inspection and closure of the register and all other matters connected therewith:

(*bc*) the manner in which general meetings shall be convened, the procedure to be followed thereat and the manner in which voting rights may be exercised;

(*bd*) the holding of meetings of shareholders and the business to be transacted thereat;

(*be*) the manner in which notices may be served on behalf of the corresponding new bank upon shareholders or other persons;

(*bf*) the manner in which the directors nominated under clause (*g*), of sub-section (3) of section 9 shall retire.".

CHAPTER III

AMENDMENTS TO THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1980

Amendment of section 2.

10. In section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 [hereafter in this Chapter referred to as the Bank (Second) Nationalisation Act],—

40 of 1980.

(*i*) after clause (*d*), the following clause shall be inserted, namely:—

(*da*) "prescribed" means prescribed by regulation made under this Act;';

(*ii*) after clause (*e*), the following clause shall be inserted, namely:—

"(*f*) words and expressions used herein and not defined either in this Act or in the Banking Regulation Act, 1949 but defined in the Companies Act, 1956 shall have the meanings respectively assigned to them in the Companies Act, 1956.".

10 of 1949.

1 of 1956.

Substitution of new heading for heading of Chapter II.

11. In Chapter II of the Bank (Second) Nationalisation Act, for the heading "TRANSFER OF THE UNDERTAKINGS OF EXISTING BANKS", the following heading shall be substituted, namely:—

"TRANSFER OF THE UNDERTAKINGS OF EXISTING BANKS AND SHARE CAPITALS OF THE CORRESPONDING NEW BANKS"

Amendment of section 3.

12. In section 3 of the Bank (Second) Nationlisation Act, for sub-sections (*2A*) and (*3*), the following sub-sections shall be substituted, namely:—

(2A) Subject to the provisions of this Act, the authorised capital of every corresponding new bank shall be one thousand five hundred crores of rupees divided into one hundred and fifty crores fully paid-up shares of ten rupees each.

Provided that the Central Government may, after consultation with the Reserve Bank and by notification in the Official Gazette, increase or reduce the authorised capital as it thinks fit, so however that after such increase or reduction, the authorised capital shall not exceed three thousand crores, or be less than one thousand five hundred crores, of rupees.

(2B) notwithstanding anything contained in sub-section (2), the paid-up capital of every corresponding new bank constituted under sub-section (1) may from time to time be increased by—

(a) such amounts as the Board of Directors of the corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government transfer from the reserve fund established by such bank to such paid-up capital;

(b) such amounts as the Central Government may, after consultation with the Reserve Bank, contribute to such paid-up capital;

(c) such amounts as the Board of Directors of the corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, raise by public issue of shares as may be prescribed, so however, that the Central Government shall at all times, hold not less than fifty-one per cent. of the paid-up capital of each corresponding new bank.

(2C) The entire paid-up capital of a corresponding new bank, except the paid up capital raised by public issue under clause (c) of sub-section (*2B*), shall stand vested in, and allotted to, the Central Government.

(*2D*) The shares of every corresponding new bank not held by the Central Government shall be freely transferable.

(*2E*) No shareholder of the corresponding new bank, other than the Central Government, shall be entitled to exercise voting rights in respect of any shares held by him in excess of one per cent. of the total voting rights of all the shareholders of the corresponding new bank.

(*2F*) Every corresponding new bank shall keep at its head office a register, in one or more Books, of the shareholders (in this Act referred to as the register) and shall enter therein the following particulars:—

(*i*) the names, addresses and occupations, if any, of the shareholders and a statement of the shares held by each shareholder, distinguishing each share by its denoting number;

(*ii*) the date on which each person is so entered as a shareholder;

(*iii*) the date on which any person ceases to be a shareholder; and

(*iv*) such other particulars as may be prescribed.

(2G) Notwithstanding anything contained in sub-section (*2F*), it shall be lawful for every corresponding new bank to keep the register in computer floppies or diskettes subject to such safeguards as may be prescribed.

(*3*) Notwithstanding anything contained in the Indian Evidence Act, 1872, a copy of, or extract from, the register, certified to be a true copy under the hand of an officer of the corresponding new bank authorised in this behalf by it, shall, in all legal proceedings, be admissible in evidence.". 1 of 1872

Insertion of new section 3A.

13. After section 3 of the Bank (Second) Nationalisation Act, the following section shall be inserted, namely:—

Trust not to be entered on the register.

"3A. Notwithstanding anything contained in sub-section (2F) of section 3, no notice of any trust, express, implied or constructive, shall be entered on the register, or be receivable, by the corresponding new bank.".

Amendment of section 9.

14. In section 9 of the Bank (Second) Nationalisation Act,—

(*i*) in sub-section (*2*), in clause (*a*), the words "so however that the paid-up capital of any such bank shall not be in excess of rupees one thousand five hundred crores" shall be omitted;

(*ii*) for sub-section (3), the following sub-sections shall be substituted, namely:—

"(3) Every Board of Directors of a corresponding new bank, constituted under any scheme made under sub-section (*1*), shall include—

(*a*) not more than two whole-time directors to be appointed by the Central Government after consultation with the Reserve Bank;

(*b*) one director who is in official of the Central Government to be nominated by the Central Government;

(*c*) one director who is an officer of the Reserve Bank to be nominated by the Central Government on the recommendation of the Reserve Bank.

Explanation.—For the purpose of this clause, "an officer of the Reserve Bank" includes an officer of the Reserve Bank who is deputed by that Bank under section 54AA of the Reserve Bank of India Act, 1934 to any institution referred to therein.

2 of 1934.

(*d*) one director, from among such of the employees of the corresponding new bank who are workmen under clause (*s*) of section 2 of the Industrial Disputes Act, 1947, to be nominated by the Central Government in such manner as may be specified in a scheme made under this section;

14 of 1947.

(*e*) one director, from among the employees of the corresponding new bank, who are not workmen under clause (*s*) of section 2 of the Industrial Disputes Act, 1947, to be nominated by the Central Government after consultation with the Reserve Bank;

14 of 1947.

(*f*) one director who is a Chartered Accountant to be nominated by the Central Government after consultation with the Reserve Bank;

(*g*) subject to the provisions of clause (*h*), not more than six directors, to be nominated by the Central Government;

(*h*) where the capital issued under clause (*c*) of sub-section (*2B*) of section 3 is,—

(*i*) not more than twenty per cent, of the total paid-up capital, not more than two directors,

(*ii*) more than twenty per cent, but not more than forty per cent, of the total paid-up capital, not more than four directors,

(*iii*) more than forty per cent, of the total paid-up capital, not more than six directors,

to be elected by the shareholders other than the Central Government, from amongst themselves;

Provided that on the assumption of charge after election of any such directors under this clause, equal number of directors nominated under clause (*g*) shall retire in such manner as may be specified in the scheme.

(*3A*) The directors to be nominated under clause (*g*) or be elected under clause (*h*) of sub-section (*3A*) shall—

(*A*) have special knowledge or practical experience in respect of one or more of the following matters, namely:—

(*i*) agricultural and rural economy,

(*ii*) banking,

(*iii*) co-operation,

(*iv*) economics,

(*v*) finance,,

(*vi*) law,

(*vii*) small-scale industry,

(*viii*) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the corresponding new bank;

(*B*) represent the interests of depositors; or

(*C*) represent the interests of farmers, workers and artisans.

(*3B*) Where the Reserve Bank is of the opinion that any director of a corresponding new bank elected under clause (*h*) of sub-section (3) does not fulfil the requirements of sub-section (*3A*), it may, after giving to such director and the bank a reasonable opportunity of being heard, by order, remove such director and appoint a suitable person as a member of the Board of Directors in place of the person so removed whereupon the person so appointed shall be deemed to have been duly elected by the shareholders of the corresponding new bank as a director.'.

15. In section 10 of the Bank (Second) Nationalisation Act,— Amendment of section 10.

(*i*) in sub-section (7), for the words "shall transfer the balance of profits to the Central Government", the words, "may, out of its net profits, declare a dividend and retain the surplus, if any" shall be substituted;

(*ii*) in sub-section (7A), after the words "the Central Government", the words "and to the Reserve Bank" shall be inserted.

16. After section 10 of the Bank (Second) Nationalised Act, the following section shall be inserted, namely:— Insertion of new section 10A.

"10A. (1) A general meeting (in this Act referred to as an annual general meeting) of every corresponding new bank which has issued capital under clause (*c*) of sub-section (2B) of section 3 shall be held at the place of the head office of the bank in each year at such time as shall from time to time be specified by the Board of Directors: Annal General Meeting.

Provided that such annual general meeting shall be held before the expiry of six weeks from the date on which the balance-sheet, together with the profit and loss account and auditor's report is, under sub-section (7A) of section 10, forwarded to the Central Government or to the Reserve Bank, whichever date is earlier.

(*2*) The shareholders present at an annual general meeting shall be entitled to discuss the balance sheet and the profit and loss account of the corresponding new bank made up to the previous 31st day of March, the report of the Board of Directors on the working and activities of the corresponding new bank for the period covered by the accounts and the auditor's report on the balancesheet and accounts.".

17. In section 19 of the Bank (Second) Nationalisation Act, in sub-section (2), after clause (*b*), the following clauses shall be inserted, namely:— Amendment of section 19.

"(*ba*) the nature of shares of the corresponding new bank, the manner in which and the conditions subject to which shares may be held and transferred and generally all matters relating to the rights and duties of shareholders;

(*bb*) the maintenance of register, and the particulars to be entered in the register in addition to those specified in sub-section (2F) of section 3, the safeguards to be observed in the maintenance of register on computer floppies or diskettes, inspection and closure of the register and all other matters connected therewith;

(*bc*) the manner in which general meetings shall be convened, the procedure to be followed thereat and the manner in which voting rights may be exercised;

(*bd*) the holding of meetings of shareholders and the business to be transacted thereat;

(*be*) the manner in which notices may be served on behalf of the corresponding new bank upon shareholders or other persons;

(*bf*) the manner in which the directors nominated under clause (*e*) of sub-section (*3*) of section 9 shall retire;".

STATEMENT OF OBJECTS AND REASONS

Following the recommendations of the Committee on the Financial System (Narasimham Committee), the Reserve Bank of India has laid down certain norms for income recognition and provisioning and also for capital adequacy in relation to risk weighted assets of banks. These norms have been designed to put the financial accounting standards of Indian banks on a sound footing in line with current international practice. Followng the introduction of these norms, all the corresponding new banks as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (hereafter referred to as the nationalised banks) as well as the State Bank of India will have to build up their capital base substantially over the next three years. All the banks have to ensure that their total capital equals at least 8 per cent of their risk weighted assets by 31st March, 1996. The banks having overseas operations will have to achieve this norm by 31st March, 1994.

2. Achievement of the prescribed captial adequacy norm is essential for the basic financial health of the banking system. It is also essential for its international credibility as banks all over the world are adopting the norm laid down by the Committee on Banking Regulations and Supervisory Practices set up by the Bank of International Settlements.

3. At present the retire paid up capital of the nationalised banks stands vested in and allotted to the Central Government. The Central Government have been contributing to the paid up capital of these banks during the last few years. During the period 1985-1986 to 1992-1993, Government have contributed Rs. 4000 crores to the paid up captial of these banks. A sum of Rs. 5700 crores has been provided in the current year's budget. Since resources of the Government are limited and funds are required for other priority areas, it will not be possible for the Government to contribute the substantial amolints now required by the nationalised banks for meeting the new prudential norms. Government have, therefore, decided that the nationalised banks which are in a position to do so may be allowed to approach the capital market to raise fresh equity to meet their shortfall in capital requirements. The additional capital thus mobilised will help the banks to expand their lending. Government will, however, continue to retain majority ownership and therefore effective control in the public sector banks.

4. In order to give effect to the above decision, it has become necessary to amend the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980. The proposed amendments, *inter-alia* provide for the following:—

(i) The Board of Directors of the nationalised banks may, after consultation with the Reserve Bank of India and with the previous sanction of the Central Government, raise their paid up capital by public issue of shares subject to the condition that the Central Government shall at all times hold not less than 51 per cent of the paid up capital of the bank;

(ii) The authorised capital of every nationalised bank shall be divided into 150 crores fully paid up shares of Rs. 10|- each;

(iii) The Central Government may, after consultation with the Reserve Bank of India and by notification in the Official Gazette, increase or reduce the authorised capital subject to the condition that the authorised capital shall not exceed Rs. 3000 crores or be less than Rs. 1500 crores;

(iv) The shares of a nationalised bank not held by the Central Government shall be freely transferable;

(v) No shareholder other than the Central Government shall be entitled to exercise voting rights in respect of any shares held by him in excess of one per cent of the total voting rights of all the shareholders of the bank.

5. The Bill seeks to achieve the above objects.

New Delhi;
The 25th November, 1993. MANMOHAN SINGH.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 1|5|92-BOI, dated 10 December, 1993 from Dr. Abrar Ahmed, Minister of State in the Ministry of Finance to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill further to amend the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, recommends under clause (1) of article 117 and clause (3) of article 117 of the Constitution of India introduction and consideration of the above Bill in Lok Sabha.

FINANCIAL MEMORANDUM

Clause 4 of the Bill inter alia contains provisions that the paid-up capital of every corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 may be increased by such amounts as the Central Government may after consultation with the Reserve Bank of India contribute to such capital. Similar provisions relating to the corresponding new Banks constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 are provided in clause 12 of the Bill. These provisions are already contained in clause (b) of sub-section (2) of section 3 of both the Acts. As such no additional expenditure shall be incurred out of the Consolidated Fund of India on account of the proposed amendments.

2. Central Government have been contributing to the paid-up capital of the Corresponding new banks to increase their capital base. During the period 1985-86 to 1992-93, the Central Government have contributed Rs. 4,000 crores to the paid-up capital of the banks. A sum of Rs. 5,700 crores has been provided in the current year's budget.

3. The provisions of the Bill do not involve any other expenditure of a recurring or non-recurring nature.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 4 of the Bill seeks to amend section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) by substituting sub-sections (2A) to (2G) and (3) for sub-sections (2A) and (3). Clause (c) of sub-section (2B) provides that the Board of Directors of the corresponding new banks may, after consultation with the Reserve Bank and with the previous sanction of the Central Government and subject to the limitations stipulated therein raise the paid-up capital by public issue of shares in such manner as may be prescribed by regulations. Clause (iv) of sub-section (2F) provides for prescribing by regulations the particulars to be entered in the book of shareholders besides those specified in clauses (i) to (iii) thereof.

2. Clause 6 of the Bill seeks to amend section 9 of the Act. Clause (d) of sub-section (3) of section 9, as proposed to be inserted, empowers the Central Government to lay down, under the scheme, the manner of nomination of one director representing the workmen on the Board of Directors of the corresponding new bank. The proviso to clause (h) of sub-section (3) provides for specifying in the scheme, the manner of retirement of directors nominated under clause (g).

3. Clause 9 the Bill provides for amending section 19 of the Act for providing for new matters on which regulations may be made by the Board of Directors of every corresponding new bank.

4. Clauses 12, 14 and 17 of the Bill seek to make corresponding amendments in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980) as those mentioned in paragraphs 1, 2 and 3 respectively in respect of clauses 4, 6 and 9.

5. The matters in respect of which schemes may be made by the Central Government after consultation with the Reserve Bank or the matters in respect of which regulations may be made by the Board of Directors of the corresponding new bank after consultation with the Reserve Bank and with the previous sanction of the Central Government are matters of administrative detail or procedure. The delegation of legislative power is, therefore, of a normal character.

C. K. JAIN,
Secretary-General.

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